

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-08 FRB-01
INR-10 NSAE-00 ICA-20 TRSE-00 XMB-04 OPIC-06
SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-07
CEA-01 AGR-01 EA-12 IO-14 NEA-10 /140 W
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R 141030Z AUG 78
FM AMEMBASSY COPENHAGEN
TO SECSTATE WASHDC 6984
INFO AMEMBASSY BRUSSELS
AMEMBASSY PARIS
AMEMBASSY STOCKHOLM
USMISSION USNATO

UNCLAS SECTION 1 OF 2 COPENHAGEN 5209

USEEC

USOECD

EO 11652: N/A
TAGS: OECD, EFIN, ETRD, ELAB, DA
SUBJ: ECONOMIC INDICATORS ON SMALLER OECD COUNTRIES

REF: COPENHAGEN 3854

NEW AND REVISED STATISTICAL INFORMATION IS AS FOLLOWS:
(1978 FIGURES UNLESS OTHERWISE STATED, INDICES BASE YEAR
IN PARENTHESIS AND PERCENT INCREASES/DECREASES ARE OVER
SAME MONTH/PERIOD PRECEDING YEAR):

A.1.A. TOTAL INDUSTRY SALES, CURRENT PRICES (1974 - 100,
MONTHLY VALUE 1974 DKR 7,643 MILLION):

FEB: 123 R (RE-REVISED) PLUS 7.0 PERCENT

MAR: 138 R DOWN 1.4 PERCENT

APR: 139 R PLUS 15.8 PERCENT

MAY: 140 PLUS 13.8 PERCENT

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THREE MONTHS SLIDING (1974-100):

MAR/MAY: 139 PLUS 8.9 PERCENT

A.2 RETAIL SALES INDICES: A. VALUE INDEX CURRENT
(NEW BASE 1975-100):

YEAR 1977: 128.8 PLUS 12.1 PERCENT

JAN: 129 PLUS 12.2. PERCENT

FEB: 116 PLUS 7.4 PERCENT

MAR: 134 PLUS 13.6 PERCENT
APR: 128 PLUS 4.9 PERCENT
MAY: 137 P (P-PRELIMINARY) PLUS 15.1 PERCENT
B. VALUE INDEX, SEASONALLY CORRECTED, (1975-100):
JAN: 137 PLUS 14.2 PERCENT
FEB: 130 PLUS 6.6 PERCENT
MAR: 136 PLUS 9.7 PERCENT
APR: 135 PLUS 9.8 PERCENT
MAY: 136 P PLUS 10.6 PERCENT
C: QUANTITY INDEX, SEASONALLY ADJUSTED (1975-100):
YEAR 1976: 105.3 DOWN 0.1 PERCENT
JAN: 106 PLUS 1.0 PERCENT
FEB: 100 DOWN 5.7 PERCENT
MAR: 103 DOWN 2.8 PERCENT
APR: 103 DOWN 1.0 PERCENT
MAY: 103 P NO CHANGE
A.3 AGRICULTURAL PRODUCTION, ANIMAL PRODUCTS, CURRENT
PRICES, DKR MILLION:
JAN 1,723 R PLUS 19.3 PERCENT
FEB: 1,535 PLUS 15.8 PERCENT
MAR: 1,778 PLUS 7.0 PERCENT
B.1. CONSUMER PRICE INDEX (INCL. SALES TAXES)
(1964-100):
APR: 297.1 PLUS 11.5 PERCENT
MAY: 299.7 PLUS 10.8 PERCENT
JUN: 300.3 PLUS 10.5 PERCENT
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INCREASES IN PRICE INDEX EXCLUDING SALES TAXES WERE
AS FOLLOWS:
APR: PLUS 8.6 PERCENT
MAY: PLUS 7.8 PERCENT
JUN: PLUS 7.6 PERCENT
B.2 WHOLESALE PRICE INDEX (1968-100):
APR: 219 PLUS 4.3 PERCENT
MAY: 220 PLUS 4.3 PERCENT
C.1. MONEY SUPPLY, DKR MILLION:
A. M 1: APR: 62,307 PLUS 10.1 PERCENT
MAY: 62,298 PLUS 8.6 PERCENT
B. M2.: APR: 130,456 PLUS 6.5 PERCENT
MAY: 131,165 PLUS 5.5 PERCENT
C.2.A. SHORT TERM INTEREST RATE (LENDING ON DRAFT):
APR: 14.8 PERCENT PLUS 0.1 PERCENTAGE POINTS
MAY: 14.5 PERCENT DOWN 0.2 PERCENTAGE POINTS
B. LONG TERM INTEREST RATE (MORTGAGE BOND, 10 PERCENT):
APR: 16.30 PERCENT PLUS 1.36 PERCENTAGE POINTS
MAY: 16.64 PERCENT PLUS 1.23 PERCENTAGE POINTS
E.1.: EMPLOYMENT, MANUFACTURING INDUSTRIES, 1000
WORKERS: (BASE: 1976 SURVEY):
YEAR 1977: 269.7 DOWN 3.0 PERCENT

JAN: 262.6 N/A
FEB: 262.7 DOWN 3.6 PERCENT
MAR: 262.2 DOWN 3.5 PERCENT
E.2. NUMBER OF UNEMPLOYED (ALL CATEGORIES), 1,000
PERSONS:
MAY: 174.2 PLUS 18.2 PERCENT
JUN: 168.6 PLUS 15.6 PERCENT
E.3. NUMBER OF UNEMPLOYED IN PERCENT OF TOTAL LABOR
FORCE: (2,578,897 PERSONS IN OCTOBER, 1977):
MAY: 6.8 PERCENT
JUN: 6.5 PERCENT
E.5. HOURLY WAGES, MANUFACTURING INDUSTRIES: (BASE:
1976 SURVEY): (1972-100):

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TRSE-00 SS-15 STR-07 OMB-01 CEA-01 CIAE-00
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OSOECD

YEAR 1977: 213.3 PLUS 10.1 PERCENT
JAN: 222.8 N/A
FEB: 224.8 PLUS 11.7 PERCENT
MAR: 231.5 PLUS 13.0 PERCENT
F.1. EXPORT VALUE, F.O.B. BASIS, DKR MILLION:
APR: 5,386 PLUS 9.4 PERCENT, U.S. SHARE 5.2 PERCENT
MAY: 5,475 PLUS 19.8 PERCENT, U.S. SHARE 5.1 PER-
CENT
JUN: 6,070 P PLUS 17.2 PERCENT, U.S. SHARE N/A

JAN/JUN: -2,240 PLUS 8.7 PERCENT
F.2. IMPORT VALUE, C.I.F. BASIS, DKR MILLION:
APR: 6,456 R PLUS 4.6 PERCENT, U.S. SHARE 4.8 PERCENT
MAY: 6,728 PLUS 5.2 PERCENT, U.S. SHARE 6.6 PERCENT
JUNE: 6,837 P DOWN 3.7 PERCENT, U.S. SHARE N/A
JAN/JUN: 39,882 PLUS 0.5 PERCENT
F.3 EXPORT VOLUME (EXCL. SHIPS/AIRCRAFT)
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(1971-100):
APR: 137 PLUS 17.1 PERCENT
MAY: 138 PLUS 14.0 PERCENT
JAN/MAY: 131 PLUS 4.1 PERCENT
F.4 IMPORT VOLUME (EXCL. SHIPS/AIRCRAFT) (1971-100):
APR: 124 PLUS 2.5 PERCENT
MAY: 130 PLUS 4.8 PERCENT
JAN/MAY: 126 DOWN 2.3 PERCENT
F.5 BALANCE OF PAYMENTS, (DEFICIT (-):
2ND QUARTER: 1,300 E (E-ESTIMATED)
F.8.: FOREIGN EXCHANGE RESERVES (INCL. GOLD) DKR.
MILLION
MAY: 14,777 R
JUNE: 16,254P
JULY: 17,290P
G.1 AVERAGE MONTHLY DOLLAR RATE (US\$ 1.00-DKR):
JUN: 5.6478 DOWN 6.6 PERCENT
JUL: 6.6077 DOWN 6.0 PERCENT

H. ECONOMIC TRENDS

THE FOREIGN TRADE ACCOUNT FINALLY SHOWED SOME IMPROVEMENT IN JUNE. IMPORTS ARE STILL DOWN BUT EXPORTS NOW SHOW A MODERATE GAIN SO THAT THE TRADE DEFICIT FOR THE FIRST HALF OF 1978 WAS REDUCED SOME 20 PERCENT. IF THIS IMPROVEMENT CAN BE MAINTAINED IN THE SECOND HALF OF THE YEAR, IT SHOULD BE POSSIBLE TO REALIZE THE PLANNED REDUCTION OF THE PAYMENTS DEFICIT TO ABOUT \$1,300 MILLION, DESPITE RISING DEBT MANAGEMENT COSTS. CAPITAL IMPORTS CONTINUE OVER AND ABOVE DEFICIT FINANCING REQUIREMENTS AND FOREIGN EXCHANGE RESERVES HAVE RISEN TO AN ALL-TIME HIGH IN EXCESS OF \$3,000 MILLION. THIS HAS PROTECTED THE DANISH KRONE FROM PRESSURES IN THE CURRENT SITUATION OF RISING SNAKE RATES LEAD BY DEUTSCHMARK. AGAINST THIS BACKGROUND, THE DANISH CENTRAL BANK RECENTLY REDUCED THE OFFICIAL DISCOUNT AND PRIME RATES, A STEP WHICH AUGMENTED THE MODERATION OF THE COMMERCIAL INTEREST LEVEL BROUGHT ABOUT BY AGREEMENT BETWEEN THE

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CENTRAL AND COMMERCIAL BANKS TO HOLD MAXIMUM DEPOSIT INTEREST AT A LEVEL NOT TO EXCEED THE DISCOUNT RATE PLUS 4 PERCENT. THE MARKET

INTEREST ON BONDS HAS BEEN ONLY MODERATELY AFFECTED THUS FAR, PARTLY BECAUSE OF GENERAL CREDIT TIGHTNESS AND PARTLY BECAUSE OF THE CONTINUED TREASURY SALES OF SHORT-TERM BONDS TO FINANCE THE LARGE FISCAL DEFICIT. ANOTHER POSITIVE ASPECT IS THE STILL MODERATE PRICE AND WAGE MOVEMENT, ALTHOUGH PRESENT INDICATIONS POINT TOWARD STABILIZATION RATHER THAN FURTHER MODERATION. THE SOMEWHAT BRIGHTER PROSPECTS FOR THE SECOND HALF OF 1978 MUST STILL BE VIEWED AGAINST THE BACKGROUND OF VERY SLUGGISH ACTIVITY IN ALMOST ALL SECTORS. IT IS GENERALLY AGREED THAT WITH AN ANTICIPATED RECOVER OF ACTIVITY GROWTH NEXT YEAR, PROBABLY AT THE RATE OF 3-4 PERCENT, THE DIS-EQUILIBRIUM PROBLEMS WILL AGAIN BECOME AGGRAVATED UNLESS SOME RESTRAINTS ON DOMESTIC SPENDING ARE IMPOSED, EITHER BY WAGE:INCOME MODERATION OR BY FISCAL MEASURES; IT COULD ALSO BE BY A COMBINATION OF BOTH.

THE SOCIAL DEMOCRATIC MINORITY GOVERNMENT IS CURRENTLY ENGAGED IN CLOSED-DOOR DISCUSSIONS WITH THE LIBERAL OPPOSITION ON A COMMON ECONOMIC POLICY PLATFORM DESIGNED TO STRENGTHEN THE GOVERNMENT'S POSITION IN THE FACE OF FORTHCOMING WAGE BARGAINING THIS FALL. THEY COULD LEAD TO A COALITION CABINET OR, IF THEY FAIL, TO NATIONAL ELECTIONS, ALTHOUGH BOTH GOVERNMENT AND OPPOSITION SEEM TO HAVE LITTLE TASTE FOR ELECTIONS. INITIAL TRADE UNION RUMBLINGS HAVE TOUCHED UPON THE WORKING HOURS ISSUE WHICH MAY POINT TOWARD CONTRACT SETTLEMENTS ALONG SWEDISH LINES.

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